

Understanding Foreign Bank Accounts and Offshore Banking of the Marvont Group



Introduction to Foreign Bank Accounts

Watch out for this scam

There is an increasing industry of offshore practitioners advising citizens of the United States to set up [offshore bank accounts](#). They convince the U.S. individual to trust the firm secrecy laws of the jurisdiction and to not report ownership of the funds to the Internal Revenue Service. This pure and simple tax fraud gets several people into trouble. Bear in mind that the people of the United States are required to report any financial interest in any offshore account.

Proper Utilization of Offshore Bank Accounts

It is considered a valuable addition to several asset protection plans of having a foreign bank account, although protected funds usually remain in the United States. The creator of the account should remember that an account must be discovered before it can be attacked, because there are two ways any judgment creditor can discover an offshore account. These ways include a review of the client's financial statements and the client's tax returns. Both are usually open to discovery in litigation.

In order to structure the offshore account, great care should be taken so that the assets are not included on the balance sheet of the protected client. A carefully constructed asset protection trust should do this since the protected client is not considered as the owner of the account under traditional accounting rules given the account is in the name of the trust. Remember that the offshore account should never be in the individual name of the client.

Great care should also be taken to lessen the exposure to creditors from reporting the account to the Internal Revenue Service on the required Form 90-22.1. Don't forget that the protected client is still treated as the owner of the accounts for tax purposes if a usual asset protection trust such as a grantor trust is utilized, even though he or she is not treated as the owner of the assets from a debtor-creditor law viewpoint. There are numerous techniques to reduce the risk of filing the 09-22.1, although this risk is minimal if the trust is set up even before a problem arises.